

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 AF-10

ARA-16 EA-11 NEA-10 RSR-01 /230 W

----- 107337

R 311200Z AUG 73

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 3550

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

USMISSION OECD PARIS UNN

C O N F I D E N T I A L LUXEMBOURG 0633

E.O. 11652: GDS

TAGS: ETRD, GATT, US, EC, LU

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS

REF: LUXEMBOURG 628

1. AFTER AMBASSADOR'S CALL ON ACTING FOREIGN MINISTER KRIEPS (REFTEL) WE FOLLOWED UP THE ARTICLE 24.6 INITIATIVE WITH CHARLES REICHLING, MFA, DIRECTOR OF FOREIGN ECONOMIC RELATIONS, ON AUGUST 30.

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2. REICHLING STATED BELIEF E.C. WOULD BE MORE FORTHCOMING

IN THE 24.6 NEGOTIATIONS. HE EXPECTED FRENCH TO BE MORE FLEXIBLE AT E.C. WORKING GROUP MEETING NEXT WEEK AND WAS OPTIMISTIC WE COULD WIND UP 24.6 NEGOTIATIONS BY END OF YEAR.

3. REICHLING INDICATED GOL HAS ALWAYS DISAGREED WITH FRENCH POSITION THAT NO COMPENSATION WAS OWED TO U.S. UNDER ARTICLE 24.6. GOL BELIEVES SOME REMUNERATION IS OWED TO U.S. UNDER ARTICLE 24.6 EVEN THOUGH GOL FEELS E.C. ENLARGEMENT MEETS REQUIREMENTS OF ARTICLE 24.5.

4. REICHLING SEES CEREALS AS MAIN STUMBLING BLOCK TO SUCCESSFUL COMPROMISE, BUT BELIEVES A WORKABLE SOLUTION COULD BE ACHIEVED IF U.S. WERE WILLING TO SPLIT OFF CEREALS ISSUE AND DEAL WITH IT BILATERALLY WITH THE E.C. SEPARATELY FROM ARTICLE 24.6.

5. HE SUGGESTED A THREE-STAGE APPROACH: FIRST: THE E.C. WOULD FORMALLY ACKNOWLEDGE U.S. HAS A LONG-TERM CLAIM ON CEREALS STEMMING FROM THE STANDSTILL AGREEMENT OF 1962 AND U.S. AND E.C. WOULD AGREE TO SEEK BILATERAL SOLUTION OUTSIDE OF ARTICLE 24.6. SECOND: 24.6 NEGOTIATIONS WOULD THEN BE PURSUED ON BASIS OF E.C. GLOBAL OFFER WITH E.C. MAINTAINING A FLEXIBLE ATTITUDE TOWARD AN ADDITION TO ITEMS NOW ON OFFER LIST. THIRD: A LONG-TERM SETTLEMENT ON CEREALS WOULD BE NEGOTIATED BETWEEN U.S. AND E.C.

6. WE EXPRESSED CONCERN THAT IF CEREALS SETTLEMENT WERE LEFT TO LAST, THE CONCESSIONS THAT FRENCH MIGHT MAKE WITHIN E.C. COUNCILS TO MEET U.S. DEMANDS ON 24.6 NEGOTIATIONS WOULD GIVE PARIS LEVERAGE TO BLOCK SOLUTION ON CEREALS ACCEPTABLE TO U.S. REICHLING REPLIED HE DID NOT BELIEVE FRENCH WOULD BE A STUMBLING BLOCK. HE REPEATED HIS BELIEF THAT PARIS WOULD, IN GENERAL, BE MORE FORTHCOMING IF U.S. AGREED TO NEGOTIATE CEREALS ISSUE SEPARATELY. FARKAS

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